

## Otmar Issing

Laudatio

Preisverleihung der Friedrich-August-von-Hayek-Stiftung

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Meine sehr verehrten Damen und Herren,

es ist mir eine große Ehre und Freude zugleich, die Laudatio auf den diesjährigen Träger des Internationalen Preises der Friedrich-August-von-Hayek-Stiftung, Mario Monti, zu halten. Nachdem in meinem Vortrag die ihm am meisten vertrauten Vokabeln aus dem Deutschen wie »Gewährträgerhaftung« und »Daseinsvorsorge« nicht vorkommen, habe ich aus Respekt meine Laudatio auf Englisch verfasst.

Dear Mario:

The message of Hayek's opus magnum »Constitution of Liberty« is contained in the titles of its first two parts: »The Value of Freedom« and »Freedom and the Law«. Two principles characterise a free society: limits on the power of the state and the rule of law. Hayek's main objective is that the coercion of some in society by others is reduced to the extent possible. »This state we shall describe throughout as a state of liberty or freedom,« he says on page 11. In his chapter on the origins of the rule of law he quotes John Locke: »The end of the law is, not to abolish or restrain, but to preserve and enlarge freedom. For in all the states of created beings capable of laws, where there is no law there is no freedom« (p. 162).

It is obvious that only a free market economy is consistent with a free society. Only within such a framework can people act as free individuals and make the best contribution to their own well-being and that of others. Competition is a fundamental element of a market economy and the driving force of the progress of mankind.

In »Competition as a discovery procedure« Hayek says that »... wherever the use of competition can be rationally justified, it is on the ground that we do not know in advance the facts that determine the actions of competitors. In sports or in examinations, no less than in the award of government contracts or of prizes for poetry, it would clearly be pointless to arrange for competition, if we were certain beforehand who would do best... I propose to consider competition as a procedure for the discovery of such facts as, without resort to it, would not be known to anyone, or at least would not be utilised« (p. 179).

We honour today a man who has lived up to these principles in word and deed. This has been most visible in his role as the most respected Commissioner in Brussels. His first responsibility was for Internal Market, Financial Services and Financial Integration (from 1995 to 1999); his second for Competition (from 1999 to 2004). His decisions were landmarks in important sectors of the euro area economy – the German banking sector was just one of many spectacular cases.

As Commissioner he was able to realise what an economist of his calibre and a man of independent mind and character would see as the fulfilment of his professional life. His actions reflected a rare combination of personal integrity, a sharp intellect and abroad and deep understanding of economics. His reasoning was always compelling and convincing.

»Brussels«, a word which for many has negative connotations, was – when represented by his persona – universally respected, and feared by all those who might not, to put it mildly,

have a preference for competition. CEOs of the biggest companies in the world, starting sometimes from a position of arrogance, were ultimately obliged to accept not only his decisions in favour of competition but also the superiority of his arguments.

As a European antitrust attorney once said: »Monti is not the type to bow down to any verbal aggression. He may have an academic exterior, but there is steel inside«. Or as a lobbyist once put it: »Monti is not a politician. He is an intellectual, an absolutely honest economist. He has an extremely charming way of sending you out to the desert. «Among politicians as well as the general public he is respectfully known as »il professore«. I could easily continue with compliments on »Super Mario«. For me, he is an outstanding example of an economist who is as much esteemed among academics as he is among politicians, the business community and the public. You will not be surprised to hear me say that we need much more involvement of academics in public debate. Mario Monti demonstrates that to be successful in this respect one need not compromise on intellectual honesty – just the opposite.

He is the personification of political economics in the great liberal tradition. Just to give an example in his own words: »Cartels are cancers on the open market economy, which forms the very basis of our Community. ... Moreover, since by nature cartels are secret and therefore difficult to uncover, it is likely that what we are seeing is only the tip of the iceberg. In the words of Adam Smith there is a »tendency for competitors to conspire«. ... I am determined to strengthen our fight against cartels«.

Mario Monti was an eloquent advocate of free markets long before he took the position in Brussels which made him well known worldwide. For him, there can be no lasting economic well-being without free markets, free markets are a prerequisite for a free and democratic society. A true zoon politicon in the sense of Aristotle, he was a tireless and vocal contributor to Italian public life.

He waged a constant fight against all kinds of unnecessary regulations and restrictions, while remaining firm in the belief that a free society and a functioning market economy need a well designed framework establishing the rule of law.

I will not forget the day I delivered a speech at the famous Bocconi University, where Mario has been president for many years now. Afterwards, we embarked on a discussion of the future of Europe. At that time in the early 1990s he was convinced that Italy needed constraints on its politics to start a virtuous circle which would ultimately allow participation in Monetary Union.

Such a framework in his opinion could only come from outside. His ideas were – and I think still are – very close to what Germans have in mind when they speak of *Ordnungspolitik*. Indeed, listening to him you might think he is more German than most Germans are today. We should invite him to tell Germany what it has to change to find back to its way to prosperity.

Today is not the occasion to examine Mario Monti's career in detail and analyse his numerous publications. As a central banker, though, I have to mention that he started as an expert in the field of monetary economics. He believed that a clear assignment of responsibilities was needed for the optimal conduct of economic policies; for the central bank, the goal could only be price stability.

Many of his ideas initially faced fierce opposition even from within circles which later supported him. His influence on public opinion in Italy cannot be overestimated. This is also due to his impact as an academic teacher on a generation of students. I have learned from students of his – some of them now at the European Central Bank – that at a time when Italian universities were dominated by mainstream Keynesianism, Mario Monti's reading list included Milton Friedman and Allan Meltzer and the disequilibrium theorists, such as Clower and Leijon-

hufvud, alongside with James Tobin, his teacher at Yale. Today, some of Italy's most prominent academics represent the kind of political economics for which Mario Monti stands.

Mario Monti's influence on politics is now needed more than ever. I think we all appreciate the fact that he took on a new and important European responsibility in becoming Chairman of the Board of Bruegel – »Brussels European and Global Economic Laboratory«. He was quoted as having said the new think tank would bring much-needed new thinking to the role of Europe in international economics. The name »Bruegel« was chosen not simply for being a clever acronym but also because Pieter Bruegel was a leading exponent of the painting of movement, not to mention market activity.

Mario Monti's work and personal achievements have been recognised by a number of awards, of which I have time to mention only a few. In 2001 he received the Benemeriti della Scienza e della Cultura medal as well as the Wolfram Engels Prize awarded by the Stiftung Marktwirtschaft and the Informedia-Stiftung. In 2004 he was awarded the Robert Schuman Medal.

But his life, his work and his personality could not be better characterised and recognised than by a prize named after the great economist and philosopher of market and liberty Friedrich August von Hayek.